COVER SHEET

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S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3B COUNTRY SPACE I BLDG. 133 SEN GIL PUYAT AVE. SALCEDO VIL. BRGY BELAIR MAKATI CITY

(Business Address: No. Street City/Town/Province)

Stefan Tong Wai Mun/ Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

1	2		3	1

Month *Day*

SEC Form 17Q-March 2016

FORM TYPE

0	6		1	9

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

432 as of March 2016

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **31 March 2016**

2. Commission identification number **62596**

3. BIR Tax Identification No. **000-163-715-000**

4. Exact name of issuer as specified in its charter
KEPPEL PHILIPPINES HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization
Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office
Unit 3B, Country Space I Bldg., Sen. Gil Puyat Avenue Salcedo Village, Barangay Bel-Air, Makati City
Postal Code **1200**

8. Issuer's telephone number, including area code
(632) 892-18-16

9. Former name, former address and former fiscal year, if changed since last report
N.A.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common 'A'	**38,730,970**
Common 'B'	**21,636,449**
Total	**60,367,419 (Net of Treasury Shares of 12,806,081)**

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [/] No [ ]
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:
    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
    Yes [/] No [ ]
    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [/] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

PART 1
FINANCIAL INFORMATION

1) **Financial Statements (see EXHIBIT 1)**

2) **Management's Discussion and Analysis of Financial Condition and Results of Operations (see EXHIBIT II)**

PART II
OTHER INFORMATION

Information not previously reported and made in this report in lieu of a report on SEC Form 17-C.

NONE

EXHIBIT I

MARCH 2016
QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2016 & DECEMBER 31, 2015
(IN PHILIPPINE PESOS)

	Unaudited March 31, 2016	Audited December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**₱20,742,661**	₱55,133,375
Receivables – net (Notes 7, 14 and 19)	**180,163,480**	152,045,762
Other current assets - net (Note 8)	**1,311,830**	1,013,265
Total Current Assets	**202,217,971**	208,192,402
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	**15,000,001**	15,800,001
Investments in associates (Note 10)	**419,055,539**	415,975,059
Loan receivable – net of current portion (Notes 7, 14, and 19)	**137,500,000**	137,500,000
Lease receivables – net of current portion (Notes 7 and 14)	**34,432,718**	34,624,961
Investment properties – net (Note 11)	**209,816,390**	209,914,690
Property and equipment - net (Note 12)	**13,655**	18,143
Other noncurrent assets (Note 21)	**4,140,710**	4,140,710
Total Noncurrent Assets	**819,959,013**	817,973,564
TOTAL ASSETS	**₱1,022,176,984**	₱1,026,165,966
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**₱3,883,137**	₱3,426,918
Refundable deposits	**1,885,757**	1,885,757
Income tax payable	**686,918**	313,139
Total Current Liabilities	**6,455,812**	5,625,814
Noncurrent Liability		
Deferred tax liability	**1,722,933**	1,732,546
Total Liabilities	**₱8,178,745**	₱7,358,360

(Forward)

	Unaudited March 31, 2016	Audited December 31, 2015
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**₱73,173,500**	₱73,173,500
Additional paid-in capital	**73,203,734**	73,203,734
Retained earnings (Note 16)	**433,527,902**	430,671,948
Unrealized gains on available-for-sale financial assets (Note 9)	**14,422,058**	15,222,058
Treasury shares (Note 16)	**(9,898,178)**	(9,898,178)
Total Equity Attributable to Equity Holders of the Parent	**584,429,016**	582,373,062
Noncontrolling Interests	**429,569,223**	436,434,544
Total Equity	**1,013,998,239**	1,018,807,606
TOTAL LIABILITIES AND EQUITY	**₱1,022,176,984**	₱1,026,165,966

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
REVENUES		
Equity in net earnings of associates (Note 10)	₱3,080,480	₱4,127,518
Rental income (Notes 11 and 14)	5,049,116	4,913,089
Interest income (Notes 6 and 7)	2,682,274	2,462,645
Management fees (Note 14)	348,600	300,000
Total Revenues	11,160,470	11,803,252
OPERATING EXPENSES (Note 17)	(4,437,727)	(4,085,014)
OTHER INCOME		
Director's fee	20,000	66,000
Recovery of provision for impairment losses	–	670,469
Others	9,937	7,500
Total Other Income	29,937	743,969
INCOME BEFORE INCOME TAX	6,752,680	8,462,207
PROVISION FOR INCOME TAX	(1,108,047)	(1,157,933)
NET INCOME	₱5,644,633	₱7,304,274
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱2,855,954	₱3,583,323
Noncontrolling interests	2,788,679	3,720,951
	₱5,644,633	₱7,304,274
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	₱0.047	₱0.059

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
NET INCOME	**₱5,644,633**	₱7,304,274
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) in AFS financial assets (Note 9)	**(800,000)**	200,000
TOTAL COMPREHENSIVE INCOME	**₱4,844,633**	₱7,504,274
ATTRIBUTABLE TO:		
Equity holders of the parent	**₱2,055,954**	₱3,783,323
Noncontrolling interest	**2,788,679**	3,720,951
	₱4,844,633	₱7,504,274

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)
IN PHILIPPINE PESOS

	Attributable to Equity Holders of the Parent							
	Capital Stock (Note 15)	Additional Paid in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available-for-Sale Financial Assets (Note 9)	Treasury Shares (Notes 15 and 16)	Total	Noncontrolling Interests	Total Equity
Balance at January 1, 2016	₱ 73,173,500	₱ 73,203,734	₱ 430,671,948	₱ 15,222,058	₱ (9,898,178)	₱ 582,373,062	₱ 436,434,544	₱ 1,018,807,606
Comprehensive income for the period								
Net income	-	-	2,855,954	-	-	2,855,954	2,788,679	5,644,633
Unrealized fair value loss on available-for-sale financial assets (Note 9)	-	-	-	(800,000)	-	(800,000)	-	(800,000)
Total comprehensive income for the period	-	-	2,855,954	(800,000)	-	2,055,954	2,788,679	4,844,633
Cash dividends declared	-	-	-	-	-	-	(9,654,000)	(9,654,000)
Balance at March 31, 2016	₱ 73,173,500	₱ 73,203,734	₱ 433,527,902	₱ 14,422,058	₱ (9,898,178)	₱ 584,429,016	₱ 429,569,223	₱ 1,013,998,239
Balance at January 1, 2015	₱ 73,173,500	₱ 73,203,734	₱ 423,538,262	₱ 14,422,058	₱ (9,898,178)	₱ 574,439,376	₱ 430,888,825	₱ 1,005,328,201
Comprehensive income for the period								
Net income	-	-	3,583,323	-	-	3,583,323	3,720,951	7,304,274
Unrealized fair value gain on available-for-sale financial assets	-	-	-	200,000	-	200,000	-	200,000
Total comprehensive income for the period	-	-	3,583,323	200,000	-	3,783,323	3,720,951	7,504,274
Cash dividends declared	-	-	-	-	-	-	(8,205,900)	(8,205,900)
Balance at March 31, 2015	₱ 73,173,500	₱ 73,203,734	₱ 427,121,585	₱ 14,622,058	₱ (9,898,178)	₱ 578,222,699	₱ 426,403,876	₱ 1,004,626,575

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,752,680**	₱8,462,209
Adjustments for:		
Provision for impairment losses (Note 8)	**228,608**	81,018
Depreciation (Notes 11, 12, and 17)	**102,788**	111,744
Recovery of provision for impairment losses (Note 8)	**–**	(670,469)
Interest income (Notes 6, 7 and 14)	**(2,682,274)**	(2,462,645)
Equity in net earnings of associates (Note 10)	**(3,080,480)**	(4,127,518)
Operating income before working capital changes	**1,321,322**	1,394,339
Decrease (increase) in:		
Receivables (Notes 7, 14, and 19)	**18,214**	(818,153)
Other assets (Note 8)	**(527,173)**	104,936
Increase (decrease) in:		
Accounts payable and other current liabilities	**456,219**	(1,931)
Refundable deposits	**–**	984
Net cash generated from operations	**1,268,582**	680,175
Income tax paid	**(743,881)**	(1,093,375)
Net cash provided by (used in) operating activities	**524,701**	(413,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of loan receivable from related party	**12,500,000**	–
Interest received	**2,584,585**	2,400,052
Cash dividends received (Note 10)	**–**	8,733,098
Loans granted to a related party	**(40,346,000)**	–
Net cash provided by (used in) investing activities	**(25,261,415)**	11,133,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to noncontrolling interest (Note16)	**(9,654,000)**	(8,205,900)
Net cash provided by (used in) financing activities	**(9,654,000)**	(8,205,900)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(34,390,714)**	2,514,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**55,133,375**	127,884,635
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	**₱20,742,661**	₱130,398,685

See accompanying Notes to Consolidated Financial Statements

(in Philippine Pesos)

1. Corporate Information

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty, Inc. (GMRI) (collectively referred to as "the Company"), are incorporated in the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975. The Parent Company's registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding.

KPHI shares are publicly traded in the Philippine Stock Exchange (PSE). As of March 31, 2016, the top four shareholders are the following:

	Percentage of Ownership
Kepwealth Inc.	44.4%
Keppel Corporation Limited (KCL)	28.0%
The Insular Life Assurance Company, Ltd.	10.6%
Public	17.0%

Kepwealth Inc. and KCL are affiliates of the Company.

The following are the Parent Company's subsidiaries which all belong to the real estate industry:

	Percentage of Ownership
KPSI	100%
GRDC	51%
GMRI	51%

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMIRP) and 5% by Keppel Philippines Marine, Inc. (KPMI). GRDC owns 100% of GMRI, thus, KPHI has 51% effective ownership on GMRI.

Information relating to the Company's associates follows:

Investment Holdings	Percentage of Direct Ownership	Percentage of Indirect Ownership
KP Capital, Inc. (KPCI)	40%	–
Goodwealth Ventures, Inc. (GVI)	40%	–
Consort Land, Inc. (CLI)	–	13%

KPHI has 13% effective indirect ownership in CLI through GMRI.

All of the Company's associates were incorporated in the Philippines.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited consolidated financial statements of the Company have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Company's functional currency. Amounts are rounded off to the nearest Philippine Peso except when otherwise indicated.

Statement of Compliance

The accompanying unaudited consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The unaudited consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Assessment of Control

The Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activites of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights assessing from other contractual arrangements
- The Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Noncontrolling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Company and are presented separately in the consolidated statements of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if it results in the NCI having a deficit balance.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Company considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an acquisition. If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognized in OCI to profit of loss or retained earnings, an appropriate as would be required if the Company had directly disposed of the related assets and liabilities

As of March 31, 2016 and December 31, 2015, NCI pertains to 49% and 5% ownership of KPMIRP and KPMI, respectively in GRDC.

The financial information of GRDC and its wholly-owned subsidiary, GMRI is provided below. This information is based on amounts before inter-company elimination.

	March 31, 2016			December 31, 2015		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	₱141,935	₱81,723,397	₱81,865,332	₱155,543	₱98,917,125	₱99,072,668
Noncurrent assets	4,399,285	711,838,175	716,237,460	4,426,794	712,030,418	716,457,212
Total assets	4,541,220	793,561,572	798,102,792	4,582,337	810,947,543	815,529,880
Current liabilities	3,997,231	242,907	4,240,138	4,332,672	231,643	4,564,315
Noncurrent liabilities	-	1,721,904	1,721,904	-	1,731,517	1,731,517
Total liabilities	3,997,231	1,964,811	5,962,042	4,332,672	1,963,160	6,295,832
Revenue	358,713	4,417,666	4,776,379	500,206	38,121,438	38,621,644
Net income	294,324	2,612,378	2,906,702	225,400	30,702,718	30,928,118
Total comprehensive income	294,324	2,612,378	2,906,702	225,400	30,702,718	30,928,118
Cash flows from:						
Operating activities	(337,287)	1,146,811	809,524	(395,788)	3,764,230	3,368,442
Investing activities	296,000	3,988,699	4,284,699	251,600	22,726,044	22,977,644
Financing activities	-	(20,000,000)	(20,000,000)	-	(17,000,000)	(17,000,000)
Net increase (decrease) in cash and cash equivalents	(41,287)	(14,864,490)	(14,905,777)	(144,188)	9,490,274	9,346,086
Accumulated balance of material NCI	-	-	429,569,223	-	-	436,434,544
Net income attributable to material NCI	-	-	2,788,679	-	-	13,751,619

There are no significant restrictions on the Company's ability to use assets or settle liabilities within the Company. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

3. Summary of Changes in Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

The accounting policies adopted for the current interim period unaudited consolidated financial statements are consistent with the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS 17) and Philippine Interpretations which became effective on January 1, 2015. Except as otherwise indicated, the adoption of these new accounting standards and amendments have no material impact on the Company's consolidated financial statements.

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (*Amendments)
- *Annual Improvements to PFRSs (2010-2012 cycle)*
  The Annual Improvements to PFRSs(2010-2012) cycle) contain non-urgent but necessary amendments to the following standards:
  - PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  - PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  - PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  - PAS 16, *Property, Plant and Equipment, PAS 38, Intangible Assets – Revaluation Method-Proportionate Restatement of Accumulated Depreciation*
  - PAS 24, *Related Party Disclosures – Key Management Personnel*

- *Annual Improvements to PFRSs (2011-2013 cycle)*
  The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:
  - PFRS 3, *Business Combinations – Scope Exceptions for Joint Arran*gements
  - PFRS 13, *Fair Value Measurement – Portfolio Exceptio*n
  - PAS 40, *Investment Property*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted to their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Company's financial statements.

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

Effective in 2016

- PAS 1, *Presentation of Financial Statements – Disclosure Initiatives*
- PAS 16, *Property, Plant and Equipment, and* PAS 38, *Intangible Assets – Clarification of Acceptable Method of Depreciation and Amortization (*Amendments*)*
- PAS 16, *Property, Plant and Equipment, and* PAS 41, *Agriculture – Bearer Plants (*Amendments*)*
- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate

financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements since the Company is already using equity accounting. The Company is currently assessing the impact of these amendments in the separate financial statements of the Parent Company.

- PFRS 10, 12, and PAS 28, *Investment Entities - applying the Consolidation Exception*
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
- PFRS 14, *Regulatory Deferral Accounts*
- *Annual Improvements to PFRSs* (2012 -2014 cycle)
  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  - PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
  - PFRS 7 – *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - PAS 19, *Employee Benefits – regional market issue regarding discount rate*
  - PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*

4. Significant Accounting Policies

The Company's disclosures on significant accounting principles and policies and practices are substantially the same with the disclosures made in December 31, 2015 audited financial statements and for the period ended March 31, 2016. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

The Company's unaudited consolidated financial statements prepared under PFRS require management to make judgments and estimates that affects amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As of March 31, 2016, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in December 31, 2015 audited financial statements, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Cash on hand	**₱5,000**	₱5,000
Cash on in banks	**3,310,339**	2,401,137
Cash equivalents	**17,427,322**	52,727,238
	₱20,742,661	₱55,133,375

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at annual interest that ranged from 1.0% to 1.5% during the first quarter of 2016 and 2015.

Interest income on cash and cash equivalents amounted to ₱0.1 million as of March 31, 2016 as against same period last year of ₱0.4 million. Interest receivable from cash and cash equivalents amounted to ₱0.03 million both in March 31, 2016 and December 31, 2015.

7. Receivables

This account consists of:

	Unaudited March31, 2016	Audited December 31, 2015
Loan receivable from a related party (Note 14)	**₱315,346,000**	₱287,500,000
Lease receivables - Affiliates	**35,589,376**	35,805,064
- Non-affiliates	**193,607**	8,802
	351,128,983	323,313,866
Nontrade	**2,152,580**	2,152,580
Interest receivable (Note 14)	**920,490**	822,801
Due from related parties (Note 14)	**46,725**	34,056
	354,248,778	326,323,303
Less noncurrent portion:		
Loan receivables (Note 14)	**137,500,000**	137,500,000
Lease receivables	**34,432,718**	34,624,961
	171,932,718	172,124,961
	182,316,060	154,198,342
Less allowance for doubtful accounts	**2,152,580**	2,152,580
	₱180,163,480	₱152,045,762

The loan receivable from a related party pertains to unsecured, long-term and short-term interest-bearing loans obtained by KPMI, an affiliate, from the Parent Company, GMRI and KPSI. Interest rates are market based. (see Note 14)

Current portion of lease receivables and due from related party are non-interest bearing and are generally 30 to 60 day terms. The noncurrent portion of lease receivables pertains to the difference in the computation of rent income using straight-line method. These amounts are expected to reverse more than one year from financial reporting date.

Non-trade receivable represents the Company's claim against a seller of a parcel of land, the title of which has not been transferred to the Company. The nontrade receivable has been outstanding for more than one year and has been provided with allowance.

Interest receivable represents the Company's accrued interest on cash and cash equivalents and from the loans.

Due from related parties representing receivables relating to reimbursement of expenses, is non-interest bearing and is due and demandable.

8. Other Current Assets

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Creditable withholding taxes (CWT)	**₱2,069,489**	₱2,109,378
Input VAT	**1,865,906**	1,840,054
Prepaid expenses	**498,752**	27,768
Deposits	**55,645**	60,645
Others	**172,500**	97,274
	4,662,292	4,135,119
Less allowance for impairment loss	**3,350,462**	3,121,854
	₱1,311,830	₱1,013,265

The rollforward analysis of the Company's allowance for impairment losses follows:

Unaudited March 31, 2016	**Input VAT**	**CWT**	**Total**
Balance at the beginning of the period	**₱1,840,054**	**₱1,281,800**	**₱3,121,854**
Provision for the period	**25,852**	**202,756**	**228,608**
Balance at the end of the period	**₱1,865,906**	**₱1,484,556**	**₱3,350,462**

Audited December 31, 2015	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,816,531	₱3,014,048	₱4,830,579
Provision for the year	23,523	272,273	295,796
Recovery of provision	–	(2,004,521)	(2,004,521)
Balance at the end of the period	₱1,840,054	₱1,281,800	₱3,121,854

9. Available-for-Sale Financial Assets

This account consists of investments in golf club shares:

	Unaudited March 31, 2016	Audited December 31, 2015
Quoted share–at fair value (cost ₱577,943)	**₱15,000,001**	₱15,800,001
Unquoted share - at cost	**880,000**	880,000
	15,880,001	16,680,001
Less allowance for impairment	**880,000**	880,000
	₱15,000,001	₱15,800,001

The movements in the AFS financial assets are summarized as follows:

	Unaudited March 31, 2016	Audited December 31, 2015
Balance at the beginning of the period	**₱15,800,001**	₱15,000,001
Fair value gain (loss)	**(800,000)**	800,000
Balance at the end of the period	**₱15,000,001**	₱15,800,001

The roll forward analysis of unrealized gains on AFS financial assets follows:

	Unaudited March 31, 2016	Audited December 31, 2015
Balance at the beginning of the period	**₱15,222,058**	₱14,422,058
Fair value gain (loss)	**(800,000)**	800,000
Balance at the end of the period	**₱14,422,058**	₱15,222,058

10. Investments in Associates – at equity

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Investments in associates	**₱842,948,496**	₱842,948,496
Accumulated shares in net losses:		
Balance at beginning of the period	**(426,973,437)**	(423,376,362)
Equity in net earnings of associates	**3,080,480**	14,788,202
Cash dividend received	–	(18,161,907)
Impairment of investment in associate (Note 17)	–	(223,370)
Balance at end of the period	**(423,892,957)**	(426,973,437)
	₱419,055,539	₱415,975,059

The details of investments and advances accounted for under the equity method as of March 31, 2015 and December 31, 2015 follows:

	KPCI		GVI		CLI		TOTAL	
	March 31, 2016	December 31, 2015	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015
Investments	**₱273,518,182**	₱273,518,182	**₱231,833,514**	₱231,833,514	**₱337,596,800**	₱337,596,800	**₱842,948,496**	₱842,948,496
Accumulated share in net earnings (losses):								
Balance at beginning of the period	**(273,518,182)**	(273,518,182)	**(231,833,514)**	(230,848,428)	**78,378,259**	80,990,248	**(426,973,437)**	(423,376,362)
Equity in net earnings	-	-	-	(66,036)	**3,080,480**	14,854,238	**3,080,480**	14,788,202
Cash dividend received	-	-	-	(695,680)	-	(17,466,227)	-	(18,161,907)
Impairment of investment cost	-	-	-	(223,370)	-	-	-	(223,370)
Total	**(273,518,182)**	(273,518,182)	**(231,833,514)**	(231,833,514)	**81,458,739**	78,378,259	**(423,892,957)**	(426,973,437)
Balance at the end of the period	**₱-**	₱-	**₱-**	₱-	**₱419,055,539**	₱415,975,059	**₱419,055,539**	₱415,975,059

KPCI and GVI

KPCI and GVI are both involved in investment holding. KPCI has incurred continued losses and is in liquidating position since 2005. As of March 31, 2016 and December 31, 2015, KPCI has zero equity. The Company's investment in KPCI has been reduced to nil in prior years. As of March 31, 2016 and December 31, 2015, the Company's investment in GVI has zero equity.

On June 19, 2013 and June 22, 2011, the BOD and the stockholders of GVI and KPCI, respectively, approved and ratified the dissolution of GVI and KPCI and the amendment of the Articles of Incorporation to shorten their corporate term up to and only until June 30, 2013 and June 30, 2011, respectively. KPCI already filed a notice of dissolution with the SEC and the BIR on July 25, 2011 and September 14, 2011, respectively. GVI filed a notice of dissolution with the SEC and BIR on July 22, 2013 and July 31, 2013, respectively. In May 2015 GVI received its tax clearance and in November 2015, GVI granted dissolution by SEC. In March 2016, KPCI obtained the no tax liability clearance from the BIR.

In 2015, the management re-assessed whether or not the Company has control over GVI due to the Parent Company's higher beneficial interest on dividends of GVI as compared to other shareholders. In spite of the higher beneficial interest of the Parent Company as indicated in the Articles of Incorporation of GVI, the Parent Company has no dominant influence over GVI's significant decisions and operations. Majority of the Board of Directors of GVI are representatives of the other shareholders and not of the Parent Company. The management assessed that the Company has no control over GVI and thus will continue to account for GVI as an associate.

CLI

GMRI ownership in CLI of 25% provided the Company a significant influence in CLI. The Company has 13% effective ownership in CLI. For the quarters ended March 31, 2016 and 2015, the Company's equity in net earnings of CLI amounted to ₱3.1 million and ₱4.1 million, respectively. As of March 31, 2016, CLI has not declared cash dividend as against ₱8.7 million in February 2015.

There are no contingent liabilities relating to the Company's investments in associates.

The financial information of significant associates as of and for the periods ended March 31, 2016 and December 31, 2015 follows:

	KPCI		GVI		CLI	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current assets	₱-	₱-	₱2,257,979	₱2,307,098	₱70,596,309	₱55,975,176
Noncurrent assets	-	-	-	-	257,255,043	260,731,210
Total assets	-	-	2,257,979	2,307,098	327,851,352	316,706,386
Current liabilities	-	-	29,075	66,035	25,553,032	26,729,986
Total Liabilities	-	-	29,075	66,035	25,553,032	26,729,986
Revenue	-	-	7,877	41,312	36,130,269	200,629,473
Net income (loss) attributable to common shareholders	-	-	(12,178)	(16,509)	12,321,920	59,416,95
Net assets	-		2,228,904	2,241,063	302,298,320	289,976,400
Ownership interest	40%	40%	40%	40%	13%	13%
Share in net assets	-	-	891,562	896,425	39,298,782	37,585,932
Acquisition fair value and other adjustments	-	-	(891,562)	(896,425)	379,756,757	378,278,127
Carrying value of investment	₱-	₱-	₱-	₱-	₱419,055,539	₱415,975,059

There are no significant restrictions on the ability of the associates to transfer funds to the Company in the form of cash dividends or to repay loans or advances made by the Company.

11. Investment Properties

This account consists of:

Unaudited March 31, 2016	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the period	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated depreciation:				
Balance at beginning	–	2,025,491	21,913,448	23,938,939
Depreciation	–	27,508	70,792	98,300
Balance at end of the period	–	2,052,999	21,984,240	24,037,239
Net book value	₱205,901,939	₱556,002	₱3,358,449	₱209,816,390

Audited December 31, 2015	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated depreciation:				
Balance at beginning of year	–	1,915,458	21,604,009	23,519,467
Depreciation	–	110,033	309,439	419,472
Balance at end of year	–	2,025,491	21,913,448	23,938,939
Net book value	₱205,901,939	₱583,510	₱3,429,241	₱209,914,690

Land, land improvement and building in Batangas are leased to related parties while condominium units are leased to related and third parties.

The investment properties have an aggregate fair value of ₱768.6 million based on an appraisal by an independent appraiser in November 2015. The fair value share attributable to the equity holders of the Parent Company amounted to ₱426.2 million. Management believes that the fair market value of its investment properties have not changed significantly since then. The sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. The inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset.

Rental income attributable to the investment properties amounted to ₱5.0 million and ₱4.9 million for the periods ended March 31, 2016 and 2015, respectively.

12. Property and Equipment

This account consists of:

	Unaudited March 31, 2016			
	Commercial Building	**Office machine, furniture and fixtures**	**Transportation Equipment**	**Total**
Cost:				
Balance at beginning and end of the period	**₱5,397,020**	**₱333,634**	**₱776,186**	**₱6,506,840**
Accumulated depreciation:				
Balance at beginning	**5,397,017**	**330,767**	**760,913**	**6,488,697**
Depreciation	**–**	**1,428**	**3,060**	**4,488**
Balance at end of the period	**5,397,017**	**332,195**	**763,973**	**6,493,185**
Net Book Value	**₱3**	**₱1,439**	**₱12,213**	**₱13,655**

	Audited December 31, 2015			
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the period	₱5,397,020	₱333,634	₱776,186	₱6,506,840
Accumulated depreciation:				
Balance at beginning of the period	5,390,450	325,053	748,675	6,464,178
Depreciation	6,567	5,714	12,238	24,519
Balance at end of the period	5,397,017	330,767	760,913	6,488,697
Net Book Value	₱3	₱2,867	₱15,273	₱18,143

Fully depreciated assets amounting to ₱6.3 million are still in use as of March 31, 2016 and 2015.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Advance Rentals:		
Affiliate (Note 14)	**₱231,001**	₱231,001
Others	**1,364,905**	1,364,906
Accrued expenses	**1,621,121**	1,280,649
Taxes payable	**292,647**	176,899
Accounts payable	**186,004**	186,004
Others	**187,459**	187,459
	₱3,883,137	₱3,426,918

Advance rentals are applied against rent due at the end of the lease term.

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, employee benefits and others. These are noninterest-bearing and generally have 30 to 60 days terms.

Taxes payable pertains to output VAT, withholding taxes on salaries and other expenses which are normally settled within one month after the reporting period.

Accounts payable pertains to security deposit arising from expired lease contracts. These are noninterest-bearing and are due and demandable.

Other accounts payable pertains to unclaimed monies or dividends by stockholders which are noninterest-bearing and due and demandable and unearned rent.

14. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; and (b) associates.

Terms and Conditions of Transactions with Related Parties

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

The following are the Company's significant transactions with related parties:

a. GMRI has lease agreement with KPMI, an affiliate, covering the property which is the site of KPMI's shipyard. Rent income based on straight-line method amounted to ₱2.7 million as of March 31, 2016 and 2015. Total outstanding lease receivables amounted to ₱35.3 million and ₱35.5 million as of March 31, 2016 and December 31, 2015, respectively.

b. GRDC leased its properties to KPMI for one year and renewable annually. Rental income amounted to ₱0.06 million both for the quarters ended March 31, 2016 and 2015. The outstanding lease receivables as of March 31, 2016 and December 31, 2015 amounted to ₱0.02 million and nil, respectively.

c. KPSI leases certain properties to KPMI, Keppel IVI Investment, Inc., Keppel Philippine Properties, Inc., and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income amounted to ₱0.3 million both for the periods ended March 31, 2016 and 2015. Outstanding receivables with the affiliates amounted to ₱0.04 million and ₱0.01 million in March 31, 2016 and December 31, 2015, respectively.

d. In 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against Philippine National Oil Company (PNOC). The lease is for a period of one year subject to renewal. Rental income derived from the land amounted to ₱0.5 million both during the periods ending March 31, 2016 and 2015. Outstanding receivables with KPMI as of March 31, 2016 and December 31, 2015 both amounted to ₱0.2 million.

e. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱0.4 million and ₱0.3 million as of March 31, 2016 and 2015, respectively.

f. In September 2014, GMRI granted long-term loan amounting to ₱200.0 million to KPMI. The loan has a term of five (5) years on principal payment with grace period of 15 months and payable in equal quarterly installment. The loan is subject to interest re-pricing on a semi-annual basis and interest rates are market based. The loan has an option for prepayment. The interest rate applied ranges from 3.5% to 3.8% as of first quarter of 2016 and 3.4% to 4.0% in first quarter of 2015. KPMI made principal payments of ₱12.5 million in March 2016 and in December 2015.

   In December 2015, GMRI granted short-term loan to KPMI amounting to ₱15.0 million, 90 days term and interest rate of 2.9%. Upon maturity in March 2016, the loan was extended for another 90 days at 3.0%. In February 2016, KPMI obtained another short-term loan of amounting to ₱10.3M, 90 days term and interest rate of 3.2% per annum.

   Interest income recognized by GMRI from long-term and short-term loans to KPMI amounted to ₱1.8 million and ₱2.0 million as of March 31, 2016 and 2015, respectively.

g. As of December 2015, KPMI has outstanding short-term loans totaling ₱85.0 million from the Parent Company with 90 days term and market based interest rates ranging from 2.8% to 3.0% per annum. Upon its maturity, the loans were extended for another 90 days and with interest rates ranging from 2.8% to 3.2%. In February 2016, KPMI obtained additional short-term loan amounting to ₱15.0 million for 90 days at interest rate of 3.2%. Interest income recognized from these loans by the Parent Company amounted to ₱0.7 million as of March 31, 2016.

h. In February 2016, KPSI granted short-term loan to KPMI amounting to ₱15.0 million for 90 days at market based interest rate of 3.2% per annum. Interest income recognized from this loan amounted to ₱0.1 million as of March 31, 2016.

i. In 2014, the Parent Company entered into a Memorandum of Undertaking (MOU) with KPMI to assist the latter in providing the relevant documents required to qualify to bid for projects for a 1% share in revenue. The Parent Company received ₱0.3 million in July 2015 and nil as of March 31, 2016.

j. Other transactions with related parties consist of reimbursement or sharing of common expenses such as legal, communication and business development expenses.

15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value, except that Class "A" shares are restricted in ownership to Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2016. Authorized and issued shares as of March 31, 2016 and 2015 as follows:

	Authorized	Issued
Class " A "	90,000,000	39,840,970
Class " B "	200,000,000	33,332,530
	290,000,000	73,173,500

The weighted average number of shares outstanding as of March 31, 2016 and 2015 as follows:

	Class A	Class B	Total
Issued shares	39,840,970	33,332,530	73,173,500
Less treasury shares	1,110,000	11,696,081	12,806,081
Weighted average number of shares	38,730,970	21,636,449	60,367,419

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/offer Price	Date of approval	Number of holders of securities as of March 31, 2016
Class "A"	38,730,970	₱ 1.00	June 30, 2000	387
Class "B"	21,636,449	₱ 1.00	June 30, 2000	60
	60,367,419			

There are 432 and 433 total shareholders per record holding both Class "A" and "B" shares as of March 31, 2016 and December 31, 2015, respectively.

16. Retained Earnings and Treasury Shares

The portion of retained earnings corresponding to the undistributed equity in net earnings of the associates is not available for distribution as dividends until declared by the associates. Retained earnings are further restricted to the extent of ₱9.9 million representing the cost of shares held in treasury shares of as March 31, 2016 and December 31, 2015.

The total number of Class "A" and Class "B" treasury shares are 1,110,000 and 11,696,081, respectively, amounting to ₱9.9 million as of March 31, 2016 and December 31, 2015. There was no acquisition made from December 31, 2015 up to this period.

The Parent Company's BOD declared cash dividends of ₱0.10 per share or ₱6.0 million in 2015 and 2014 as follows:

	2015	2014
Date of declaration and approval	June 19	May 28
Date of stockholders record	July 6	June 13
Date paid	July 30	July 9

In February 2016 and March 2015, GMRI declared cash dividend amounting to ₱20.0 million and ₱17.0 million, respectively. Out of this amount, the Parent Company received ₱10.0 million and ₱8.5 million in February 2016 and March 2015, respectively. Dividend declared and paid attributable to NCI amounted to ₱9.7 million and ₱8.2 million in February 2016 and March 2015, respectively.

17. Operating Expenses

This account consists of:

	Unaudited March 31, 2016	Unaudited March 31, 2015
Salaries, wages, and employees' benefits	**₱1,925,610**	₱1,709,498
Taxes and licenses	**1,213,579**	1,206,103
Professional fees	**343,580**	306,500
Provision for impairment losses	**228,608**	81,018
Transportation and travel	**133,531**	144,874
Utilities	**119,515**	116,589
Depreciation and amortization	**102,788**	111,744
Membership dues and subscriptions	**96,854**	115,891
Office supplies	**25,647**	10,617
Rental expense	**24,000**	24,000
Insurance	**15,000**	15,000
Repairs and maintenance	**5,947**	6,820
Postages	**4,287**	17,348
Others	**198,781**	219,012
	₱4,437,727	₱4,085,014

Other expenses consist of bank charges, business development expenses and various items that are individually immaterial.

18. Segment Information

For management reporting purposes, these Company activities are classified into business segments - (1) investment holding and (2) real estate. Details of the Company's business segments are as follows:

	Unaudited March 31, 2016				
	Investment Holdings	**Real Estate**	**Combined**	**Eliminations**	**Consolidated**
Revenue					
Third party	**₱1,609,211**	**₱6,470,779**	**₱8,079,990**	**₱–**	**₱8,079,990**
Inter-segment	**10,140,000**	**–**	**10,140,000**	**(10,140,000)**	**–**
Equity in net earnings of an associate	**–**	**3,080,480**	**3,080,480**	**–**	**3,080,480**
Total Revenue	**11,749,211**	**9,551,259**	**21,300,470**	**(10,140,000)**	**11,160,470**

Income before tax	**9,011,560**	**7,791,120**	**16,802,680**	**(10,050,000)**	**6,752,680**
Provision for income tax	**36,144**	**1,071,903**	**1,108,047**	**-**	**1,108,047**
Net Income	**8,975,416**	**6,719,217**	**15,694,633**	**(10,050,000)**	**5,644,633**
Other Information					
Segment assets	**235,735,885**	**900,532,890**	**1,136,268,775**	**(114,091,791)**	**1,022,176,984**
Segment liabilities	**3,050,617**	**9,951,192**	**13,001,809**	**(4,823,064)**	**8,178,745**
Depreciation & amortization	**-**	**102,788**	**102,788**	**-**	**102,788**

	Audited December 31, 2015				
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱4,848,810	₱25,364,454	₱30,213,264	₱-	₱30,213,264
Inter-segment	13,038,180	-	13,038,180	(13,038,180)	-
Equity in net earnings of an associate	(66,036)	14,854,238	14,788,202	-	14,788,202
Total revenue	17,820,954	40,218,692	58,039,646	(13,038,180)	45,001,466
Income before tax	8,774,572	35,822,262	44,596,834	(13,027,586)	31,569,248
Provision for income tax	306,004	4,341,197	4,647,201	-	4,647,201
Net Income	8,468,568	31,481,065	39,949,633	(13,027,586)	26,922,047
Other Information					
Segment assets	227,047,928	913,509,829	1,140,557,757	(114,391,791)	1,026,165,966
Segment liabilities	2,538,076	9,943,346	12,481,422	(5,123,062)	7,358,360
Depreciation & amortization	-	443,991	443,991	-	443,991

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All the Company's revenues are derived from operation within the Philippines, hence, the Company did not present geographical information required by PFRS 8, *Operating Segments*. Rental income from KPMI amounted to ₱3.2 million both for the periods ended March 31, 2016 and 2015. Rental from KPMI comprises more than 10% of the Company's rental revenue for the period.

19. Financial Risk Management Objectives and Policies

The Company's principal financial assets and liabilities comprise of cash and cash equivalents, loans receivables, and AFS financial assets. The main purpose of these financial instruments is to raise finances for the Company's operations. The Company has various other financial assets and liabilities such as lease receivables and trade payables, which arise directly from its operations.

The main risk arising from the Company's consolidated financial statements are credit risk, liquidity risk, interest rate risk and equity price risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

Credit Risk
Credit risk pertains to the risk that a party to financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company transacts mostly with related parties, thus, there is no requirement for collateral. Receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Significant concentration of credit risk as of March 31, 2016 pertains to loan receivable from a

related company amounting to ₱315.3 million, which comprise 93% of the Company's loan and receivables.

The table below shows the maximum exposure to credit risk of the financial assets of the Company:

	Unaudited March 31, 2016	Audited December 31, 2015
Loans and Receivables		
Cash and cash equivalents *	**₱20,737,661**	₱55,128,375
Receivables		
Loan receivable from related party	**315,346,000**	287,500,000
Current portion of lease receivables**	**1,350,265**	1,188,905
Interest receivable	**920,490**	822,801
Due from related party	**46,725**	34,056
	₱338,401,141	₱344,674,137

**Excluding cash on hand*
***Noncurrent portion of lease receivables arises from the straight-line recognition of rental income*

Credit Quality
The Company expects the current portion of the lease receivables to be realized within three months from end of the reporting period. The amounts due from related parties are all collectible and of good credit quality. The cash and cash equivalents of the Company from a local bank with good financial standing is considered of good quality.

High grade assets are considered as having very low risk and can easily be converted to cash. These assets are considered for counterparties that possess strong to very strong capacity to meet their obligations.

Liquidity Risk
Liquidity is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, and long-term loans. The Company also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

Interest Rate Risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan receivable with interest rate repriced semi-annually. Since the Company's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. (Note 14).

Equity Price Risk
Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Company's price risk exposure relates to its quoted AFS financial assets where values will fluctuate as a result of changes in market prices. Such quoted AFS financial asset is subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors affecting all instruments traded in the market.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions.

The Company monitors capital using a debt to equity ratio, which is the total liabilities divided by total equity. Total liabilities include current and noncurrent liabilities. Equity comprises all components of equity.

The Company's objective is to ensure that there are no known events that may trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of an obligation.

The debt to equity ratios as of March 31, 2016 and December 31, 2015 are as follows:

	Unaudited March 31, 2016	Audited December 31, 2015
Total liabilities	**₱8,178,745**	₱7,358,360
Total equity	**1,013,998,239**	1,018,807,606
Debt to equity ratio	**0.008:1**	0.007:1

The Company is not subject to any externally imposed capital requirements.

Fair Values

Due to the short term nature of the Company's financial instruments, the fair values approximate their carrying amounts as of March 31, 2016 and December 31, 2015 except for the long-term loan receivable with carrying amount of ₱137.5 million and fair value of ₱145.0 million and ₱187.5 million and fair value of ₱197.9 million for the periods ending March 31, 2016 and December 31, 2015, respectively.

AFS Financial Assets

The fair value of quoted AFS financial instrument is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. Unquoted AFS financial instruments are carried at cost, less any allowance for impairment loss.

Fair Value Hierarchy

As of March 31, 2016 and December 31, 2015, the Company classifies its quoted AFS financial asset amounting to ₱15.0 million and ₱15.8 million, respectively, under Level 1 of the fair value hierarchy. During the reporting periods ending March 31, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

20. Financial Soundness (Key Performance) Indicators

	Unaudited March 31, 2016	Audited December 31, 2015
A. Current and Liquidity Ratios		
1. Current Ratio (Current Assets/Current Liabilities)	**31.32**	37.01
2. Acid-test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	**31.12**	36.83
B. Solvency Ratio (annualized) (Net Income + Depreciation)/Total Liabilities	**2.81**	3.75
C. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	**0.01**	0.01
D. Asset to Equity Ratio	**1.01**	1.01
E. Debt Ratio (Total Liabilities/Total Assets)	**0.01**	0.01
F. Interest Rate Coverage Ratio (EBIT/Interest Expense)	**Nil**	Nil
G. Profitability % (annualized)		
1. Return on Assets (Net Income/Total Assets)	**2.21**	2.62
2. Return on Equity (Net Income/Stockholders Equity)	**2.23**	2.64
H. Earnings per Share Attributable to Equity Holders of Parent (₱) (Annualized)	**0.37**	0.22
I. Book Value per Share Attributable to Equity Holders of the Parent (₱)	**9.68**	9.65

21. Other Matters

In September 2003, the Parent Company filed a complaint against the PNOC for specific performance with the Regional Trial Court of Batangas City for the enforcement of the contract relating to the option to purchase a parcel of land in Batangas. A judgment was rendered in January 2006 in favor of the Parent Company ordering PNOC to accept the payment of ₱4.1 million as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year. The CA dismissed PNOC's appeal in December 2011.

In July 2007, the Company and PNOC signed a compromise agreement where in both parties agreed to increase the price to ₱6.1 million. The compromise agreement is pending approval by the Office of the Solicitor General as of this period. In July 2012, PNOC filed with the Supreme Court (SC) a petition for review on certiorari of the decision of the CA. On November 7, 2013, the Parent Company filed a Motion to Resolve with the SC to ask for an early resolution and issue an order dismissing the petition. The case is still pending with the SC as of this period.

The Parent Company deposited ₱4.1 million with the Court which is presented under "Other noncurrent assets" account in the consolidated statements of financial position. The said piece of land is the subject of a lease agreement between the Parent Company and KPMI. (see Note 14)

Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.

Aging of Receivable as at March 31, 2016:

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Long-term loan receivable - current	₱177,846,000	₱177,846,000				
Lease receivables - current	1,350,265	1,350,265		-	-	-
Nontrade - receivables	2,152,580	-	-	-	-	₱2,152,580
Interest receivable	920,490	920,490	-	-	-	-
Due from related party	46,725	46,725	-	-	-	-
Total	**182,316,060**	**180,163,480**	-	-	-	**2,152,580**
Less Allowance for doubtful accounts	2,152,580	-	-	-	-	2,152,580
Net Receivables	**₱180,163,480**	**₱180,163,480**	-	-	-	-

EXHIBIT II

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The Company recorded a net income of ₱5.6 million for the first quarter ended March 31, 2016 as against ₱7.3 million in same period last year. The 23% decrease was mainly due to lower equity in net earnings of associates and higher operating expenses. This was partially offset by increase in rental income, interest income and management fees.

Rental revenue for the quarter ending March 31, 2016 amounted to ₱5.1 million, slightly higher by 3% as against same period last year of ₱4.9 million. This was mainly due to increase in rental rates.

The Company recognized equity in net earnings of associates of ₱3.1 million this quarter, or 25% lower as against same period last year of ₱4.1 million.

The Company earned interest income this quarter of ₱2.7 million, mainly from loans receivable granted to a related company as against ₱2.4 million for the quarter ending March 31, 2015.

Management fees charged to related parties increased from ₱0.3 million as of March 31, 2015 to ₱0.4 million as of March 31, 2016.

Operating expenses of ₱4.4 million this quarter was higher by 9% as against ₱4.1 million last March 31, 2015. This was brought mainly by higher provision for impairment losses, salaries and benefits and professional fees. This was partially offset by lower depreciation, taxes and licenses, membership dues and postages.

The Company generated other income of ₱0.03 million this quarter as against last year same period of ₱0.7 million which came from recovery of provision of impairment losses.

The Company incurred fair value loss on AFS financial assets this quarter of ₱0.8 million as against fair value gain same period last year of ₱0.2 million.

Financial Condition

The cash position of the Company as of March 31, 2016 amounted ₱20.7 million lower by ₱34.4 million as against ₱55.1 million as of December 31, 2015. The decrease was brought by payment of dividends to noncontrolling interest of ₱9.7 million and granting of short-term loans of ₱40.3 million to related party. This was partially offset by ₱2.6 million interests received from loans and short-term deposits and ₱12.5 million quarterly principal payment of long-term loan receivable.

Total receivables net of allowance amounted to ₱352.1 million and ₱324.2 million in March 31, 2016 and December 31, 2015, respectively. As of March 31, 2016, current receivable amounted to ₱180.2 million while long-term receivable amounted to ₱171.9 million. As against December 31, 2015, current receivable amounted to ₱152.1 million and long-term receivable amounted to ₱172.1 million. Major transaction during the quarter came from granting of short-term loan of ₱40.3 million offset by the payment of long-term loan receivable of ₱12.5 million.

Other current assets as of this period increased to ₱1.3 million as against ₱1.0 million as of December 2015 which was due to prepayments.

AFS financial assets as of March 31, 2016 amounted to ₱15.0 million as compared to December 31, 2015 of ₱15.8 million. Investments in associates increased from ₱416.0 million as of December 2015 to ₱419.1 million as of March 31, 2016. The increase of ₱3.1 million was due mainly to the recognition of equity in net earnings of associate. Decrease in investment properties and property and equipment from ₱209.9 million as of December 31, 2015 to ₱209.8 million this period was due to depreciation. No acquisition was made during the period.

Total liabilities gradually increased from ₱7.4 million as of December 31, 2015 to ₱8.2 million as of March 31, 2016 mainly due to higher income tax payable and accruals.

The equity attributable to equity holders of the Parent Company as of March 31, 2016 amounted to ₱584.4 million as against last December 31, 2015 of ₱582.4million. This was due to net income attributable to Parent Company of ₱2.9 million for the quarter ending March 31, 2016 offset by unrealized loss on available for sale financial assets of ₱0.8 million.

Noncontrolling interests as of March 31, 2016 amounted to ₱429.6 million as against last December 31, 2015 of ₱436.4 million. The decrease was due to the net effect of net income attributable to the noncontrolling interests of ₱2.9 million for the quarter ending March 31, 2016 offset by the ₱9.7 million dividend payments.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.68 as of March 31, 2016 higher than in December 31, 2015 at ₱9.65 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2016 was ₱0.05 slightly lower than as of March 31, 2015 of ₱0.06 per share.

Material Events and Uncertainties

There are no known trends, commitments, events or uncertainties that will have a material impact on the Company's liquidity for the remaining periods of the year. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the first quarter period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **KEPPEL PHILIPPINES HOLDINGS, INC.**

Signature and Title :

STEFAN TONG WAI MUN
President

FELICIDAD V. RAZON
VP/Treasurer

Date : May 10, 2016